

## Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-14 ISO-00 EB-08 /029 R

DRAFTED BY OPIC/F DRSHEETS  
APPROVED BY EB/IFD/ OIA:RJSMTIH  
EB/IFD/OIA:DVGRANT  
ARA/ECA:SMYLES

-----023476 131923Z /41

R 130220Z AUG 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BRASILIA

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FROM OPIC

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: TOBACCO PROJECT IN BRAZIL

1. OPIC HAS BEEN REQUESTED TO FINANCE AN EXPANSION OF TOBACCO PROCESSING AND EXPORTING FACILITIES IN THE STATE OF SANTA CATARINA. THE LARGELY FOREIGN-OWNED BRAZILIAN COMPANY IS EXPORTADORA CATARINENSE DE FUMOS SA (EXCA) OF BLUMENAU WHICH HAS BEEN OPERATING SUCCESSFULLY SINCE 1970 AND 25 PER CENT OWNED BY PARKER TOBACCO COMPANY OF MAYSVILLE KENTUCKY A SMALL WELL-REGARDED BURLEY TOBACCO PROCESSOR.

2. EXCA PLANS A US 1.5 MILLION DOLLAR EXPANSION IN PLANT AND EQUIPMENT NONE OF WHICH IS TO BE IMPORTED. EXCA CLAIMS TO HAVE SOUGHT LOCAL FINANCING WHICH IS NOT AVAILABLE ON A LONG-TERM (5-8 YEAR) BASIS. THIS EXPANSION WILL DOUBLE EXCA'S CAPACITY TO PROCESS, INCREASE ITS  
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DIRECT EMPLOYMENT, AND CONSIDERABLY INCREASE THE NUMBER OF SMALL FARMERS ENGAGED IN THE GROWING OF BURLEY LEAF. EXCA CLAIMS TO BE PROVIDING TECH-NICAL ASSISTANCE AND FINANCING ALREADY TO SOME 2200 SMALL FARMERS. NONE OF THESE FARMERS HAS MORE THAN A FEW ACRES OF LAND AND THEY ARE COMPLETELY UNMECHANIZED. FOR MANY, IT IS SAID,

TOBACCO CONSTITUTES THE SOLE CASH CROP. OPIC BELIEVES THAT THE DEVELOPMENTAL ASPECTS OF THIS PROJECT WOULD BE EXCELLENT.

3. THE TOBACCO HEALTH QUESTION AND THE ISSUE OF OPIC'S FUTURE INVOLVEMENT IN BRAZIL HAVE RECENTLY BEEN DISCUSSED AT LENGTH BY OPIC MANAGEMENT AND DO NOT NOW APPEAR TO PRESENT AN OBSTACLE IN THIS CASE. OPIC IS CONSIDERING THIS AS A PROJECT ALREADY IN THE PIPELINE BEFORE THE QUESTION OF OPIC'S COUNTRY COVERAGE BECAME AN ISSUE. OPIC HAS SOUGHT AND IS EVALUATING DATA AND OPINIONS OF U.S. DEPARTMENT OF AGRICULTURE REGARDING PRESENT AND POTENTIAL BRAZILIAN COMPETITION TO U.S. TOBACCO EXPORTS.

4. OPIC REQUESTS EMBASSY CONCURRENCE AND OPINIONS REGARDING THE EXCA PROJECT, ESPECIALLY IN TERMS OF DEVELOPMENTAL ASPECTS. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOBACCO, INVESTMENT GUARANTEES, DEVELOPMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 13-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** F DRSHEETS  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770293-0009  
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**From:** STATE  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1977/newtext/t19770864/aaaacbtn.tel  
**Line Count:** 80  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:** Hold (001 Tobacco) added on 4/16/2009 3:38:59 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:03 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 0e2df25a-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** n/a  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1608612  
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**Status:** NATIVE  
**Subject:** TOBACCO PROJECT IN BRAZIL  
**TAGS:** EFIN, EPAP, BR, OPIC  
**To:** BRASILIA  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/0e2df25a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009